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Turkey

Dried Fruit

Annual Report

2005

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Report Highlights:

Turkey had record high raisin production in MY 2004. The projection for the MY 2005 crop is also good although less than MY 2004 since the growing conditions have been favorable so far.

Includes PSD Changes: Yes
Includes Trade Matrix: Yes
Annual Report
Ankara [TU1]
[TU]

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Executive Summary

Turkish raisin production is expected to decrease to 250,000 MT in MY 2005 compared to the revised level of 280,000 MT in MY 2004, as long as weather conditions remain favorable during the remainder of the growing and drying seasons. The decrease is due primarily to the exceptionally large production in recent years, which stressed orchards. Production in MY 2004 was revised upward due to better than expected yields. Raisin orchard area is projected to remain about the same in MY 2005 compared to with MY 2004. TARIS is expected to announce the MY 2005 raisin procurement price in September 2005.

Domestic raisin consumption is projected at about 30,000 MT in MY 2005, similar to MY 2004. Raisin prices at the Izmir Commodity exchange were around YTL 1.00 (or about USD 0.74) per kilogram for standard #9 raisins on April 7, 2004.

TARIS, a State Economic Enterprises (SEE) played a more significant role in the past in the raisin market. Still, it plays a major role in Turkey. This past year it procured about 70,000 MT of raisins and exported about 22,000 MT thus far in MY 2004 (September 2004-March 2005) although exports may reach 30 TMT once final figures are available for the entire marketing year. Turkey is projected to export a slightly larger quantity of raisins in MY 2005 parallel to a projected slight increase in production. Exports in MY 2004 are still estimated at 220,000 MT.

Export prices currently are slightly lower (around USD 1,030 per MT) in MY 2004 compared (USD 1,100 per MT) to MY 2003 for standard #9 quality. These prices might be slightly higher or lower depending upon the grade (A, B or C).

TARIS was estimated to have about 20,000 MT of raisins in stocks in the beginning of MY 2004. Total carryover stocks are estimated to increase at the end of MY 2004 due to estimated increase in supply.

Parallel to the commitment made to the IMF, the GOT eliminated most input subsidy programs and adopted a direct income support system for farmers. Compared to most other agricultural State Economic Enterprises (SEE's), TARIS appears to be in a comparatively good financial position to meet its financial needs, particularly the raisin division, which usually earns a profit.

There is no export subsidy for raisins. In order to protect local producers, the Turkish government announced a 54.9 percent import duty for raisins of all origins based on CIF value in 2005. The bound import duty rate on raisins is also 54.9 percent.

Currently USD 1.00 is around YTL 1.36 or TL 1,360,000.

Production

Weather conditions have been good thus far in MY 2004 for raisin production, even though there is a possibility of a frost in growing areas until April 23. Raisin production is projected at 250,000 MT in MY 2005, if the weather conditions continue to be favorable during the growing and drying seasons. This quantity is about eleven percent less than 2002 estimates. The lower projection in MY 2005 is attributed to excess production in MY 2004, which may have caused some stress on orchards.

Turkish MY 2004 crop raisin production estimates range widely, from 250 TMT to 300 TMT. PSD estimates for MY 2004 are revised upward to 280,000 MT, which is a record high. Final estimates will be available later in 2005. Total raisin area in MY 2004 was revised slightly upward according to industry sources.

Grapes are grown throughout Turkey. Seedless grapes—virtually all of which are “*Vitis viniserae* L.” the same genus and species as Thompson seedless grapes, however, constitute about one-third of the total grape crop and are grown only in Turkey’s Aegean Region. In general, around 10 to 15 percent of the seedless grape crop is consumed fresh and/or exported as fresh with the remainder going to raisin production. In MY 2004, total seedless grape production is estimated at about 1.4 MMT. Using an average conversion ratio of about 4.5 to 1, raisin production was 280,000 MT in MY 2003.

Seedless grape production expanded significantly in Turkey in the 1990’s due to more intensive cultivation and better irrigation techniques. The Union for Agricultural Sales Cooperatives (TARIS) has recommended in recent years that producers limit seedless grape orchard area because it believed the export market was saturated. Seedless grapes generally are grown on small farms averaging about 1.3 hectares. It is estimated that nearly 65,000 growers produce seedless grapes in Turkey. About half of all raisin producers are members of TARIS. Each year TARIS announces a procurement price for raisins, which also serves as a support price. TARIS is required to buy raisins from its members but members are free to sell to other buyers and they often do. In general TARIS buys around 15-20 percent of total production.

The industry improved the quality of Turkish raisins through better sanitation methods during the 1990’s. Improvements were made through using trellises, small plastic harvest crates, and concrete drying beds. Most of these improvements had been financed by private processors and much of the capital was derived from higher export prices obtained as a result of the EU’s minimum import price system which is no longer in effect.

In general, Turkish raisins are lighter in color and rounder than California raisins. The color difference is due to the fact that a dipping solution is used to speed up the drying since the drying season is short. However, Turkish producers have started to produce Thompson type raisins by drying them without using this dipping method. Since MY 2000 TARIS is buying only standard #8 or better quality raisins.

Consumption

Domestic raisin consumption fluctuates depending upon supply and quality of the raisin crop. Raki, which is a hard Turkish alcoholic drink is made with low quality raisins for distillation purposes. Raki production was privatized last year. In MY 2005, Turkish domestic consumption, unchanged from MY 2004, is estimated at about 30,000 MT, most of which is used for confectionary purposes and the remaining part for producing raki. Raki producers generally consume 70,000 MT of fresh or dried grapes, including raisins. The mix between fresh and dried grapes changes with the price and availability of lower quality raisins. There are numerous firms in the dried fruit processing and export business in Turkey; however, the top ten firms are estimated to control about 85 percent of the raisin market.

TARIS's role in procuring and marketing raisins has been decreasing in conjunction with IMF backed reforms to reduce the Turkish government's role in agriculture. In general, TARIS has been the buyer of last resort, purchasing a large percentage of lower quality raisins. The quantity of raisins TARIS procured has varied a lot from as low as 9,000 MT to as high as 75,000 MT during the last ten years due to varying production and quality. However, TARIS procured larger quantities in recent years due to larger supply. TARIS procured 70,505 MT of raisins in MY 2004, including 3,622 MT of Thompson type and 60 MT of organic raisins and paid a total of about YTL 83 million (about USD 61 million). Most of the quantity TARIS bought (about 60,000 MT) was standard #8 and standard #9. TARIS procured about 40,000 MT in MY 2003, 23,000 MT in MY 2002 and 45,000 MT in MY 2001.

TARIS normally announces its procurement price at the beginning of the marketing year. TARIS is expected to announce the MY 2005 procurement price in September 2005. However, TARIS did not announce a procurement price in MY 2004. Instead, it announced an advance price of YTL 1.00 for all standards. After the procurement was completed TARIS paid the difference. TARIS paid YTL 1.11 per kilogram of standard #8, YTL 1.19 per kilogram of standard #9, YTL 1.29 per kilogram of standard #10, and YTL 1.40 per kilogram of standard #11. TARIS paid YTL 1.60 per kilogram of Thompson type raisins. TARIS also paid a 20 percent premium for all standards of organic raisins. These prices were lower than TARIS paid a year ago since the base procurement price was YTL 1.40 (TL 1,400,000) per kilogram for standard #9 quality of raisins at the beginning of MY 2003. The quality of the MY 2004 crop was good, about 20 percent was standard #10, about 65 percent Standard #9, and 15 percent was standard #8. The quality a year ago was slightly lower, about 75 % was standard #9 or better and 25 percent was standard #8.

The TEKEL's liquor production was privatized at the beginning of 2004. The practice on consumption of raisins versus fresh grapes might be changed as a result. The exact quantity of raisins being used for raki production is not known. Industry sources estimate that privatized raki producers procured a few thousand metric tons with a price around YTL 0.70 per kilogram.

The Izmir Commodity Exchange is the main cash market for raisins. On April 7, spot prices at the Exchange were around YTL 1.00 (about USD 0.74) per kilogram for standard #9. On the same day, private companies bought a total of 65 MT but TARIS did not sell any.

Trade

MY 2005 raisin exports are projected at 230,000 MT, which is about five percent higher than the estimate in MY 2004, because of larger supply. The EU is the primary market for Turkish raisin exports.

MY 2004 raisin exports are still estimated at 220,000 MT. According to Aegean Exporters Union data, Turkey exported about 152,000 MT of raisins between September 1, 2004 and March 16, 2005 compared to about 123,000 MT during the same period a year ago. So far in MY 2004, TARIS has exported about 20,000 MT and projects that exports may reach 30,000 MT by the end of the marketing year. In MY 2003, TARIS exported about 26,000 MT.

Average export prices were lower (about USD 1,050 per MT) for the period September 1, 2004 and March 16, 2005 compared to the same period a year ago (about USD 1,150 per MT). Export prices currently are around USD 1030 per MT for standard #9 quality. These prices (all prices are FOB Izmir) might be slightly higher or lower depending upon the grade (A, B or C).

Export Trade Matrix represents the unofficial data received from the Aegean Exporters Union while Import Trade Matrix represents official data for the corresponding years.

Stocks

Official information on raisin stocks is not available. TARIS was estimated to have about 20,000 MT of raisins in stocks in the beginning of MY 2004. Carryover stocks are estimated to increase at the end of MY 2004 due to an expected increase in supply. Carryover stocks at the end of MY 2005 are projected to be slightly lower than the previous year.

Policy**Production**

All Agricultural State Economic Enterprises (SEE's), including TARIS, were given autonomy by the GOT as a part of the economic reforms legislation, which was adopted in 2000. As a result of this change, the director generals of SEE's, which used to be appointed by the GOT, are now elected. The GOT made a commitment with the IMF to reduce budget deficits, again as part of its economic reform. At the same time, the GOT eliminated most of the input subsidy programs and adopted a direct income support program for farmers. This policy change decreases the financial burden of the SEE's as well. Compared to most other agricultural SEE's, TARIS appears to be in a comparatively good position to meet its financial needs, particularly the raisin division, which usually earns a profit.

Trade

There has never been any export subsidy for raisins. In order to protect local producers, the GOT announced a 54.9 percent import duty, which was the same last year, for raisins of all origins based on CIF value in 2005.

Marketing

Mostly the private sector firms, with the exception of TARIS, handle the marketing of raisins. TARIS, which was considered a quasi government entity in the past, has become more independent in recent years, especially in the administration and management of its financial requirements.

Statistical Tables

PSD Table for Raisins

Turkey Raisins							
	2003	Revised	2004	Estimate	2005	Forecast	UOM
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	
Market Year Begin		09/2003		09/2004		09/2005	MM/YYYY
Area Planted	83000	83000	83000	85000	0	85000	HA
Area Harvested	81000	81000	82000	82000	0	83000	HA
Beginning Stocks	23398	23398	24103	23000	27103	54000	MT
Production	215000	215000	250000	280000	0	250000	MT
Imports	1621	1702	1000	1000	0	1000	MT
TOTAL SUPPLY	240019	240100	275103	304000	27103	305000	MT
Exports	191916	193093	220000	220000	0	230000	MT
Domestic Consumption	24000	24007	28000	30000	0	30000	MT
Ending Stocks	24103	23000	27103	54000	0	45000	MT
TOTAL DISTRIBUTION	240019	240100	275103	304000	0	305000	MT

Export Trade Matrix for Raisins**Turkey
Raisins**

Time Period	Jan. - Dec.	Units:	Metric Tons
Exports for:	2003		2004
U.S.	135	U.S.	129
Others		Others	
United Kingdom	48171	United Kingdom	49687
Germany	37020	Germany	42599
Netherlands	27255	Netherlands	30607
Italy	18037	Italy	18947
France	12677	France	14640
Belgium	8159	Belgium	9192
Ireland	5025	Ireland	5167
Spain	3117	Spain	3590
Austria	1520	Austria	1528
Poland	1068	Poland	1157
Total for Others	162049		177114
Others not Listed	33544		35127
Grand Total	195728		212370

Import Trade Matrix for Raisins**Turkey
Raisins**

Time Period	Jan. - Dec.	Units:	Metric Tons
Imports for:	2003		2004
U.S.		U.S.	
Others		Others	
Uzbekistan	331	Greece	579
Greece	288	Uzbekistan	349
United Kingdom	271	France	179
Canada	237	Netherlands	167
Netherlands	196	Brazil	117
Germany	102	Portugal	105
Portugal	96	Germany	62
Denmark	83	United Kingdom	61
Sweden	54	Austria	60
France	46	New Zealand	21
Total for Others	1704		1700
Others not Listed	317		39
Grand Total	2021		1739